

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Meeting Date: March 26, 2008
Executive Summary
Request for Final Resolution and
Assistance from the Small Business Assistance Fund

Prepared by: *Doreen Carle*

Applicant:	Yulupa Investments, LLC and/or its Affiliates	Amount Requested:	\$7,830,000
Project Location:	Mendocino and Lake Counties	Application No.:	00801 (SB)
		Final Resolution No.:	00479
		Prior Actions:	IR 07-09 approved 10/23/07

Type of Business: Yulupa Investments, LLC (the “Company”) is a property holding company related to solid waste collection.

Project Description: The Company is 1) purchasing a transfer station, located in Ukiah, and a corporate yard in Lakeport from affiliates of The Ratto Group of Companies, Inc., and 2) improving both sites. The Company is also purchasing a site in Lake County as expansion space for its existing corporate yard. Additionally, an affiliate of the Company is purchasing equipment to be utilized at its Ukiah corporate yard site. The vehicles and trailers may be housed from time to time at any of the Company’s operating facilities.

The property to be purchased from The Ratto Group of Companies, Inc. was previously financed with tax-exempt bonds issued in 2001. A proportionate share of Ratto’s bonds will be redeemed from the proceeds of the purchase.

Pollution Control and/or Waste Diversion: The Company represents that the Project is designed to generate the public benefits described below.

Waste Diversion. The grinder and sorting lines to be used at two sites will allow for an increased, but unspecified, diversion of green waste and other recyclables.

Environmental Benefits: The Company represents that the Project will generate the pollution control benefits described below.

Air Quality. The use of new CARB-compliant diesel vehicles will reduce emissions when compared with the vehicles currently in use.

Energy Efficiency. The new vehicles are more fuel efficient and therefore will reduce fuel consumption.

Recycling of Commodities. The grinder and sorting lines to be used at two of the sites will allow for an increased but unspecified recycling of green waste.

SBAF Assistance: The Company is a small business eligible for assistance from the SBAF in an amount not to exceed \$250,000.

Permits: The Company has provided copies of its Notice of Determination, Solid Waste Facilities Permit, and Conditional Use Permits for the project sites.

Agenda Item – 4.A.2.

Financing Details: The Company anticipates issuance of negotiated tax-exempt, weekly reset, variable rate bonds with a term not to exceed 30 years for the qualifying portion of the project. The Company plans to secure the bonds with an irrevocable, direct pay Letter of Credit issued by Union Bank of California that is rated at least “A-” by Fitch Rating Agency or equivalent. The target date for financing is currently April 30, 2008.

Financing Team:

Underwriter: Westhoff, Cone & Holmstedt
Bond Counsel: Orrick Herrington & Sutcliffe
Financial Advisor: Andrew S. Rose
Issuer’s Counsel Office of the Attorney General

Legal Questionnaire: Staff has reviewed the Company’s responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raises questions concerning the financial viability or legal integrity of this applicant.

Staff Recommendation: Staff recommends approval of Final Resolution No. 479 for an amount not to exceed \$7,830,000 and a SBAF Resolution in an amount not to exceed \$250,000 for Yulupa Investments, LLC and/or its Affiliates.

**YULUPA INVESTMENTS, LLC
and/or ITS AFFILIATES**
Bond Amount: \$7,830,000
Mendocino and Lake Counties
Application No. 00801 (SB)
March 26, 2008

STAFF SUMMARY – CPCFA

Prepared by: *Doreen Carle*

ISSUE:

Yulupa Investments, LLC and/or its Affiliates (the “Company”) requests approval of Final Resolution number 479 for an amount not to exceed \$7,830,000 to finance the purchase of land, buildings, and equipment.

CDLAC Allocation. The Company has applied for and anticipates being considered for CDLAC allocation at the March 2008 CDLAC Board meeting.

TEFRA. The TEFRA hearing was held on December 19, 2007. There were no comments received in support of or in opposition to this Project.

SBAF Assistance. The Company is a small business eligible for assistance from the SBAF in an amount not to exceed \$250,000.

BORROWER:

Yulupa Investments, LLC was organized in California in June 2007 as a property holding company related to solid waste collection.

The owners of the Company are as follows:

Dave Carroll	51%
John Shea.....	<u>49%</u>
Total:.....	100%

Dave Carroll and John Shea share the same ownership percentage of the following companies: C&S Waste Solutions of California, Inc.; C&S Waste Solutions-Portables, Inc.; C&S Waste Solutions of Nevada, Inc.; Creekside Investments, LLC; Pacific Recycling Solutions, Inc.; Pahrump Valley Disposal, Inc.; Mendocino Leasing Company, Inc.; Nevada Site Services Inc.; Redrock Leasing, Inc.; and Southwest Environmental Services, Inc.

Dave Carroll and John Shea, along with other partners, own the following companies: Clear Lake Waste Solutions, Inc.; Lake County Waste Solutions, Inc.; Solid Wastes Systems, Inc.; Ukiah Waste Solutions, Inc.; and Golden State Portables, LLC.

Legal Questionnaire. Staff has reviewed the Company’s responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raises questions concerning the financial viability or legal integrity of this applicant.

Prior Actions and Financings. None.

PROJECT INFORMATION:

The Company is 1) purchasing a transfer station, located in Ukiah, and a corporate yard in Lakeport from North Bay Corporation, which is an affiliate of The Ratto Group of Companies, Inc., and 2) improving both sites. The Company is also purchasing a site in Lake County as expansion space for its existing corporate yard. Additionally, an affiliate of the Company is purchasing equipment to be utilized at its Ukiah corporate yard site. The vehicles and trailers may be housed from time to time at any of the Company’s operating facilities. The Company will own the real property comprising the Project, and affiliates of the Company will operate the various sites and will own and operate trucks and other moveable equipment.

The property to be purchased from The Ratto Group of Companies was previously financed with tax-exempt bonds issued in 2001. A proportionate share of the Ratto bonds will be redeemed from the proceeds of the purchase.

The following provides project details associated with each site:

3151 Taylor Drive, Ukiah, CA

This site is the Ukiah transfer station that Yulupa is purchasing from The Ratto Group, in the form of the purchase of the stock of Solid Wastes Systems, Inc., which will continue to own and operate the facility. The Company will be purchasing 3.4 acres of land and the buildings thereon. The Company plans improvements to the property including repaving, adding a scale and scale house. Additionally, the Company will purchase equipment for this site. Total estimated cost at this site is \$3,855,000.

4200 & 4260 North State Street, Ukiah, CA

This site is the Company’s Ukiah corporate yard site. An affiliate of the Company plans to purchase equipment for this site, including office equipment, a scale, a grinder, trailers and MRF sorting, baling and conveyor equipment, for a total estimated cost of \$2,340,000.

120 Soda Bay Road, Lakeport, CA

The Company proposes to purchase this site as expansion space for its Lake County corporate yard. Total estimated cost for the land purchase and road improvements is \$537,000.

230 Soda Bay Road, Lakeport, CA

This is the corporate yard site that the Company is purchasing from affiliates of The Ratto Group of Companies, Inc. Project costs include the purchase of land and buildings and the renovation of the building, at a total estimated cost of \$825,000.

The estimated project costs, for all sites, are summarized below.

Land and Buildings Purchase.....	\$4,500,000
Renovation and Improvements	717,000
Equipment	<u>2,340,000</u>
Project subtotal:	<u>\$7,557,000</u>

Bond Issuance Expenses:..... \$273,000

Total Project Cost:..... \$7,830,000

Note: The Project costs reported in the Borrower’s application and shown here in staff’s report are estimated costs. At the time this financing closes, the estimated Project costs will be finalized and stated in the Tax Certificate. Variations from the costs shown in the application and in this report may occur prior to the closing due to increased costs of certain components of the Project from original estimates, and other reasons. In addition, such costs may vary after closing due also to increased costs, as well as common design and equipment modifications during construction, differences in equipment due to future changes in law or regulation or for other reasons. However, the Borrower confirms, through submission of a signed application and will confirm through covenants and representations in various bond documents, that all assets purchased with bond proceeds will qualify for tax exempt financing, that they will be used to complete the Project as provided in the loan agreement, and that the average life tests required by federal law and described in the Tax Certificate will continue to be met. Tax-exempt financing may be only one source out of multiple sources of financing for a given project.

POLLUTION CONTROL AND/OR WASTE DIVERSION:

The Company represents that the Project is designed to generate the public benefits described below.

Waste Diversion. The grinder and sorting lines to be used at two sites will allow for an increased but unspecified diversion of green waste and other recyclables.

ENVIRONMENTAL BENEFITS:

The Company represents that the Project will generate the pollution control benefits described below.

Air Quality. The use of new CARB-compliant diesel vehicles will reduce emissions when compared with the vehicles currently in use.

Energy Efficiency. The new vehicles are more fuel efficient and therefore will reduce fuel consumption.

Recycling of Commodities. The grinder and sorting lines to be used at two of the sites will allow for an increased, but unspecified, recycling of green waste.

PERMITTING & ENVIRONMENTAL APPROVALS:

The Company has provided copies of its Notice of Determination, Solid Waste Facilities Permit and Conditional Use Permits for the project sites.

ANTICIPATED TIMELINE:

The Company commenced equipment purchases in August 2007, and plans to complete the purchases by August 2008. The land purchases began in September 2007 with the purchase of the 120 Soda Bay Road site. The additional sites are anticipated to be purchased in April 2008, and construction and renovation will begin soon thereafter with an anticipated completion date of November 2008.

LOCAL GOVERNMENT: A letter of support was received from Candace Horsley, the City Manager for the City of Ukiah (Attachment A).

FINANCING DETAILS:

The Company anticipates issuance of negotiated tax-exempt, weekly reset, variable rate bonds with a term not to exceed 30 years for the qualifying portion of the project. The Company plans to secure the bonds with an irrevocable, direct pay Letter of Credit issued by Union Bank of California that is rated at least “A-” by Fitch Rating Agency or equivalent. The target date for financing is April 30, 2008.

FINANCING TEAM:

Underwriter: Westhoff, Cone & Holmsted
Bond Counsel: Orrick Herrington & Sutcliffe
Financial Advisor: Andrew S. Rose
Issuer’s Counsel: Office of the Attorney General

RECOMMENDATION:

Staff recommends approval of Final Resolution No. 479 for an amount not to exceed \$7,830,000 and a SBAF Resolution in an amount not to exceed \$250,000 for Yulupa Investments, LLC and/or its Affiliates.

**FINAL BOND RESOLUTION OF THE
CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
RELATING TO FINANCING OF SOLID WASTE DISPOSAL FACILITIES
FOR YULUPA INVESTMENTS, LLC, AND/OR ITS AFFILIATES**

March 26, 2008

WHEREAS, the California Pollution Control Financing Authority (the “Authority”) has heretofore approved the application of Yulupa Investments, LLC, a California limited liability company (the “Borrower”), for financial assistance to finance acquisition, construction, improvement, renovation, rehabilitation and/or installation of land, buildings, facilities and related vehicles and equipment for the processing and disposal of solid waste, all of which will be used to serve the Borrower’s customers and/or its Affiliates’ customers throughout their service territories in Mendocino and Lake Counties and all as more particularly described in the Term Sheet attached hereto as Exhibit A and incorporated herein (the “Term Sheet”) (collectively, the “Project”); and

WHEREAS, the Borrower has requested the Authority to issue its revenue bonds from time to time in an amount not to exceed \$7,830,000 to assist in the financing of the Project; and

WHEREAS, the proceeds of such revenue bonds will be loaned to the Borrower under a loan agreement with the Authority; and

WHEREAS, the Borrower has provided documentation to the Authority demonstrating that the Project has complied with Division 13 (commencing with Section 21000) of the Public Resources Code, or is not a project under that division; and

WHEREAS, final approval of the terms of such revenue bonds and certain documents relating to such revenue bonds is now sought; and

WHEREAS, in order to enhance the marketability of the bonds, the Borrower has arranged for a financial institution, as named in the Term Sheet, to secure the bonds through the issuance of its direct-pay irrevocable letter of credit, thereby guaranteeing their repayment;

NOW, THEREFORE, BE IT RESOLVED by the California Pollution Control Financing Authority, as follows:

Section 1. The Project constitutes a “project” and the Borrower and each Affiliate of the Borrower is a “participating party” within the meaning of the California Pollution Control Financing Authority Act (the “Act”).

Section 2. Pursuant to the Act, revenue obligations of the Authority, designated as the “California Pollution Control Financing Authority Variable Rate Demand Solid Waste Disposal Revenue Bonds (Yulupa Investments, LLC Project), Series 2008A” (the “Bonds”) in an aggregate principal amount not to exceed \$7,830,000, are hereby authorized to be issued. The Bonds may be issued at one time, or from time to time, in one or more series separately or differently identified, and may be issued in a tax-exempt or taxable mode, all in accordance with the Indenture (as hereinafter defined) as finally executed. The proceeds of the Bonds shall be used to finance and/or refinance the Project and to pay costs of issuance of the Bonds.

Section 3. The Treasurer of the State of California (the “Treasurer”) is hereby authorized to sell the Bonds, at one time or from time to time before June 30, 2008, by negotiated sale, at such price, at such interest rate or rates and in such mode (taxable or tax-exempt) as he may determine.

Section 4. The proposed form of Loan Agreement relating to the Bonds (the “Loan Agreement”), between the Authority and the Borrower, as filed with the Authority prior to this meeting, is hereby approved. The Chairman or any Deputy to the Chairman, together with the Executive Director of the Authority (collectively the “Authorized Signatories,” and each,

individually, an “Authorized Signatory”) are hereby authorized and directed, for and on behalf and in the name of the Authority, to execute, acknowledge and deliver to the Borrower the Loan Agreement in substantially the form filed with or approved by the Authority, with such insertions, deletions or changes therein (including, without limitation, insertions, deletions or changes therein appropriate to reflect the form of credit enhancement for the Bonds) as the officer executing the same, with the advice of the Attorney General of the State of California (the “Attorney General”), may require or approve, and with particular information inserted therein in substantial conformance with the Term Sheet, such approval to be conclusively evidenced by execution and delivery thereof. The Authority understands and agrees that pursuant to the terms of the Loan Agreement, the obligations of the Borrower may, under some circumstances, be carried out or assumed by a successor or assignee entity, or by an Affiliate of the Borrower. For purposes of this Resolution, an “Affiliate” of the Borrower means any person or entity which meets the definition of “Participating Party” in the Act and controls, is controlled by, or is under common control with, the Borrower, as shown by the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through majority equity ownership, contract or otherwise.

Section 5. The proposed form of Indenture relating to the Bonds (the “Indenture”), between the Authority and a trustee named in the Term Sheet (the “Trustee”), as filed with the Authority prior to this meeting, is hereby approved. The Authorized Signatories are hereby authorized and directed, for and on behalf and in the name of the Authority, to execute, acknowledge and deliver to the Trustee, the Indenture in substantially the form filed with or approved by the Authority, with such insertions, deletions or changes therein (including, without limitation, insertions, deletions or changes therein appropriate to reflect the form of credit enhancement for the Bonds) as the officer executing the same, with the advice of the Attorney General, may require or approve, and with particular information inserted therein in substantial conformance with the Term Sheet, such approval to be conclusively evidenced by the execution and delivery thereof. The dates, maturity dates, interest rate or rates, interest payment dates,

denominations, forms, registration privileges, place or places of payment, terms of redemption and other terms of the Bonds shall be as provided in the Indenture, as finally executed.

Section 6. The proposed form of Bond Purchase Contract (the “Purchase Contract”) among the underwriter or underwriters named in the Term Sheet (the “Underwriters”), the Treasurer and the Authority and approved by the Borrower, as filed with the Authority prior to this meeting, is hereby approved. The Authorized Signatories are hereby authorized and directed, for and on behalf and in the name of the Authority, to execute, acknowledge and deliver to the Underwriters, the Purchase Contract in substantially the form filed with or approved by the Authority, in substantially the form filed with or approved by the Authority, with such insertions, deletions or changes therein as the officer executing the same, with the advice of the Attorney General, may require or approve, and with particular information inserted therein in substantial conformance with the Term Sheet, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. The proposed form of Official Statement (the “Official Statement”) as filed with the Authority prior to this meeting, is hereby approved. Each of the Authorized Signatories, acting alone, is hereby authorized, for and on behalf and in the name of the Authority, to execute and deliver the Official Statement in substantially the form filed with or approved by the Authority, with such insertions, deletions or changes therein as such officer, with the advice of the Attorney General, may approve or require, and with particular information inserted therein in substantial conformance with the Term Sheet, such approval to be conclusively evidenced by the execution and delivery thereof. The Underwriters are hereby authorized to distribute and deliver copies of the Official Statement to purchasers of the Bonds, with such changes therein as may be approved or required by the Attorney General. The distribution of copies of the Official Statement in preliminary form is hereby authorized and approved. Each of the Authorized Signatories, acting alone, is hereby authorized and directed to execute and deliver any amendments or supplements to the Official Statement which include, without limitation, amendments or supplements to the Authority’s disclosure set forth in the form of Official Statement filed with or approved by the

Authority, which they may deem necessary or advisable in order to consummate the issuance, sale, delivery or remarketing of the Bonds.

Section 8. The Chairman of the Authority is hereby authorized and directed to execute, by manual or facsimile signature, in the name and on behalf of the Authority and under its seal, the Bonds, in one or more series, in an aggregate principal amount not to exceed \$7,830,000, in accordance with the fully executed and delivered Indenture and the form of bond set forth therein.

Section 9. The Bonds, when so executed, shall be delivered to the Trustee under the Indenture for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee’s certificate of authentication appearing thereon. The Trustee is hereby requested and directed to deliver the Bonds, when duly executed and authenticated, to The Depository Trust Company, New York, New York, on behalf of the Underwriters in accordance with written instructions executed on behalf of the Authority by the an Authorized Signatory, acting alone, which instructions said officer is hereby authorized and directed, for and on behalf and in the name of the Authority, to execute and to deliver to the Trustee. Such instructions shall provide for the delivery of the Bonds to The Depository Trust Company, on behalf of the Underwriters thereof, upon payment of the purchase price thereof.

Section 10. The Authority hereby dedicates and confirms its allocation to the Bonds issued in a tax-exempt mode (the “Tax-Exempt Bonds”) of a portion of its private activity bond limit, as previously received, carried forward or to be received from the California Debt Limit Allocation Committee, in an amount up to the applicable principal amount of Tax-Exempt Bonds issued and delivered to finance certain costs of the Project, so as to satisfy the requirements of Section 146(e) of the Internal Revenue Code of 1986, with respect to the Tax-Exempt Bonds.

Section 11. As requested by the Borrower, the Authority hereby waives the requirement for an in-furtherance certificate relating to the solid waste disposal facilities portion of the Project pursuant to Section 44533(a) of the Act.

Section 12. Each of the Authorized Signatories, acting alone, is hereby authorized and directed to do any and all ministerial acts, including (without limitation) the execution and delivery of any and all documents and certificates, including the tax certificate, they may deem necessary or advisable in order to consummate the issuance, sale, delivery or remarketing of the Bonds, and otherwise to effectuate the purpose of this resolution. The Treasurer is hereby requested and authorized to take any and all acts within his or her authority as agent for sale that he or she may deem necessary or advisable in order to consummate the issuance, sale, delivery or remarketing of the Bonds, and otherwise effectuate the purposes of this resolution.

Section 13. This resolution shall take effect immediately upon its passage. The adoption by the Authority of this final resolution for the Borrower shall not be referred to in any application before any government agency as evidence of the feasibility, practicality or suitability of the Project or in any application for any required permission or authority to construct or operate the Project.

EXHIBIT A

TERM SHEET

Name of Issue:	California Pollution Control Financing Authority Variable Rate Demand Solid Waste Disposal Revenue Bonds (Yulupa Investments, LLC Project), Series 2008A (the “Bonds”)
Maximum Amount of Issue:	\$7,830,000 (tax-exempt)
Issuer:	California Pollution Control Financing Authority (the “Authority”), Sacramento, CA
Borrower:	Yulupa Investments, LLC
Affiliates (to initially own or operate elements of the Project)	Solid Wastes Systems, Inc., Ukiah Waste Solutions, Inc., Clear Lake Waste Solutions, Inc., Lake County Waste Solutions, Inc., Mendocino Leasing Company, Inc., Pacific Recycling Solutions, Inc.
Trustee:	The Bank of New York Trust Company, N.A.
Senior Underwriter or Placement Agent:	Westhoff, Cone & Holmstedt
Bond Counsel:	Orrick, Herrington & Sutcliffe LLP, San Francisco, CA
Remarketing Agent:	Westhoff, Cone & Holmstedt
Project:	Acquisition, construction, improvement, renovation, rehabilitation and/or installation of land, buildings, facilities and related vehicles and equipment for the processing and disposal of solid waste, to be located in the following counties at the following addresses: (1) Mendocino County: (a) 3151 Taylor Drive, Ukiah, CA 95482; and, (b) 4200 & 4260 North State Street, Ukiah, CA 95482. (2) Lake County: 120 & 230 Soda Bay Road, Lakeport, CA 95453. The vehicles and containers will be used to serve the customers of the Borrower or its

Agenda Item – 4.A.2.

Affiliates in Mendocino and Lake Counties, California, and the containers will be located with such customers.

Maximum Bond Term:	Not to exceed 30 years
Type of Sale:	Negotiated sale
Description of Minimum Denominations:	\$100,000 or any integral multiple of \$5,000 in excess thereof while in variable rate mode
Financing Structure:	Variable rate demand bonds; convertible to fixed rate pursuant to the Indenture
Maximum Interest Rate:	12%
Letter of Credit:	Provided by Union Bank of California, National Association
Other Credit Enhancement:	Not applicable
Anticipated Bond Rating:	Minimum “A-”
Type of Financing:	Solid waste disposal revenue bonds
Prepared by:	Robert Martz (925) 472-8746

**RESOLUTION OF THE CALIFORNIA
POLLUTION CONTROL FINANCING AUTHORITY
RELATING TO ASSISTANCE FROM THE SMALL
BUSINESS ASSISTANCE FUND FOR
YULUPA INVESTMENTS, LLC, AND/OR ITS AFFILIATES**

March 26, 2008

WHEREAS, the California Pollution Control Financing Authority (the “Authority”) has approved the application of Yulupa Investments, LLC (the “Borrower”), for financial assistance to finance acquisition, construction, improvement, renovation, rehabilitation and/or installation of buildings, facilities and related vehicles and equipment for the processing and disposal of solid waste, all of which will be used to serve the Borrower’s customers and/or its Affiliates’ customers throughout their service territories in Mendocino and Lake Counties, all as more particularly described in Application No. 801 (SB) of the Borrower (the “Project”) and has adopted its Resolution No. 479 (the “Final Resolution”) authorizing the issuance of revenue bonds to provide such financial assistance; and

WHEREAS, the Authority has established the Small Business Assistance Fund (the “Fund”) to assist small businesses to obtain pollution control financing through the issuance of tax-exempt revenue bonds (the “Bonds”); and

WHEREAS, the Authority has received and accepted an application from the Borrower for assistance from the Fund; and

WHEREAS, the Borrower has demonstrated a financial capability to make loan payments to the satisfaction of Union Bank of California, as the issuer of a direct pay irrevocable letter of credit securing the Bonds, as named in the Final Resolution; and

WHEREAS, authorization of assistance from the Fund is now sought;

NOW, THEREFORE, BE IT RESOLVED by the California Pollution Control Financing Authority, as follows:

Section 1. The Borrower (as defined in the Final Resolution) is a “Small Business” as classified pursuant to Title 13 Code of Federal Regulations, Part 121, Subpart A (1-1-94 edition) or it has 500 employees or less, and is otherwise eligible for assistance from the Fund.

Section 2. The Project constitutes a “project” within the meaning of the California Pollution Control Financing Authority Act.

Section 3. The Authority hereby authorizes and approves up to \$250,000 of assistance from the Fund to the Borrower to be used for payment of initial Letter of Credit fees and certain costs of issuance of the Bonds. The actual amount of assistance shall be determined by the Executive Director or the Deputy Executive Director of the Authority based upon the final terms of the sale of the Bonds.

Section 4. The Executive Director and the Deputy Executive Director of the Authority are each hereby authorized and directed, acting alone, to do any and all ministerial acts and to execute and deliver a contract for financial assistance with the Borrower in conformance with the terms of this resolution, which he or she may deem necessary or advisable in order to provide the assistance from the Fund and otherwise to effect the purposes of this resolution.

Section 5. This resolution shall take effect immediately upon adoption hereof. The adoption by the Authority of this resolution for the Borrower shall not be referred to in any application before any government agency as evidence of the feasibility, practicality or suitability of the Project or in any application for any required permission or authority to construct or operate the Project.

Attachment A



November 19, 2007

Ms. Joanie Jones-Kelly
Executive Director
CDLAC
State of California
915 Capitol Mall, Room 303
Sacramento, CA 95814

RE: California Debt Limit Allocation Committee, Exempt Facility Approvals
Yulupa Investments, LLC Project

Dear Ms. Jones-Kelly:

I write to you today on behalf of Yulupa Investments, LLC, relating to bond financing for their solid waste processing facilities for which approval will be requested at the California Debt Limit Allocation Committee ("CDLAC") meeting in January 2008.

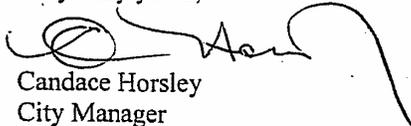
My staff and I have worked with the management of Yulupa Investments, LLC in their development and permitting of the proposed project and they now are ready for final approval of the financing.

I understand that in order to receive approval for the issuance of tax exempt bonds, on whose lower interest rates the "project" economics have been based, that CDLAC must grant part of the State's allocation for "private activity" bonds as defined by the federal government to the Project. I further understand that the demand for such allocation is greater than ever, and far exceeds the available allocation.

While I can imagine that your job in apportioning the available allocation among competing and equally beneficial projects is difficult, I want to let you know that, to the City of Ukiah, this project is important. It is a project which is a part of, and crucial to, our overall plan of compliance with AB 939. In addition, we and Yulupa Investments, LLC agree that the implementation of this project is a cost effective addition to our overall program, taking into account cost, technology and expected waste diversion.

On behalf of the City of Ukiah, I would therefore strongly urge that you approve the Yulupa Investments, LLC Project at your meeting in January. Thank you.

Very truly yours,


Candace Horsley
City Manager